

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0997-02  
Bill No.: Perfected HCS for HB 221  
Subject: Banks and Financial Institutions: Business and Commerce; Economic  
Development Dept  
Type: Original  
Date: February 20, 2003

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Economic Development - Divisions of Finance and Credit Unions, Department of Higher Education, Department of Revenue, and the Office of Secretary of State - Uniform Commercial Code Division** stated this proposal would have no fiscal impact on their agencies.

An official from the **Boone County Recorder of Deeds** reported that this is “clean up” legislation with no fiscal impact on local offices. There may be costs to locals for computer program changes, but those should be minimal and can be absorbed.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

### FISCAL IMPACT - Small Business

Small businesses could see a positive fiscal impact as a result of this proposal by reducing the filing fee for electronically submitted filings in Uniform Commercial Code.

### DESCRIPTION

This proposal makes several changes to the laws governing banking:

#### Section 59.163

Gives priority to Article 9 securities over liens on deeds of trust and other instruments affecting real property, in first classification counties which have two recorders' offices, for the time period from June 30, 2001 to August 28, 2003;

#### Section 59.800

Adds \$1 to the \$5 additional recording fee that recorders charge for every deed or other document regarding real property recorded. Also adds \$1 to the recording fee for marriage certificates, birth certificates, and official bonds required by law. Additional moneys are to be sent to the county employees' retirement fund or to the general revenue fund of charter counties without a county employees' retirement fund;

#### Section 173.387; 173.390

Allows the Missouri Higher Education Loan Authority (MOHELA) to originate PLUS loans (Parent Loans for Undergraduate Students) and increases the term of the bonds the loan authority may sell from 30 years to 40 years;

#### Section 361.130

Allows the Division of Finance to obtain information filed federal regulatory agencies, rather than requiring banks to file reports of condition directly with the division;

#### Section 361.160

Allows the division access to the work papers used in a certified public accountant's audit of a bank and requires the certified public accountant to maintain these records for three years after the report to the bank is issued;

#### Section 362.105

Requires banks to get prior approval from the division when the bank seeks to purchase real property for an amount that exceeds its loan limit or when the bank seeks to purchase property from an officer, shareholder, or other person with a similar relationship to the bank;

DESCRIPTION (continued)

Section 362.111

Prohibits the division and the State Banking Board from setting conditions or requirements on deposit account fees or service charges assessed by financial institutions that are more restrictive than those allowed by federal law;

Section 362.910

Defines the business entity called "trust holding company";

Section 362.923

Sets forth a process for establishing the entity under state law; clarifies that these entities will not be subject to Federal Reserve examination; requires any acquisition of a nondepository trust company by a trust holding company to be first approved by the division; allows the division to pursue joint actions and investigations of trust holding companies with other state and federal regulatory authorities;

Section 400.1-103

Amends the Uniform Commercial Code so that transactions that comply with Articles 3, 4, and 9 will not be subject to any common law claims and, instead, will be subject only to statutory provisions specifically provided for in the chapter;

Section 400.3-102

Clarifies that when there exists a conflict between provisions found in Articles 3 and 4, the more specific provision governs;

Section 400.4-102

Amends Article 3 so that transactions that comply with the article will not be subject to common law claims, as long as the bank has acted in good faith for the benefit of the bank's customers;

Section 400.9-525 (a) & (b)

Allows electronic filing with the Office of the Secretary of State of certain filings of initial financing statements and establishes a \$5 fee for these filings;

Section 400.9-525 (f)

Abolishes the Uniform Commercial Code Transition Fee Trust Fund

DESCRIPTION (continued)

Section 400.9-626

Amends Article 9 so that, in defaults of a secured transaction, consumer transactions are governed by the same rules as other transactions. Current law allows the court to determine appropriate rules in these consumer transactions;

Section 407.433

Provides that no person, other than the cardholder, shall disclose more than the last five digits of a credit card or debit card account number on any sales receipt provided to the cardholder.

Section 408.455

Allows creditors to convert a contract into a different loan contract or a times sales agreement when the debtor requests an extension of credit or refinancing;

Sections 408.450; 408.460; 408.465; 408.470

Repeals several sections of law setting forth requirements and restrictions on variable-rate unsecured loans;

Section 408.557

Repeals the provision requiring a lender to provide notice to the borrower before disposing of property that was given as collateral for the loan;

Section 408.653 & 408.654

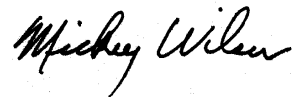
Repeals the limit on fees that financial institutions may charge for check overdrafts;

The proposal contains an effective date of July 1, 2003 for sections 59.800 and 400.9-525.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
    Division of Finance  
    Division of Credit Unions  
Department of Higher Education  
Department of Revenue  
Office of Secretary of State  
    Uniform Commercial Code Division  
Boone County Recorder of Deeds

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 20, 2003